



Town of Oro Valley
2015/2016 Medical Plan
Year to Date Cost Review
and
2016/2017 Medical Plan Renewal Review

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And

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Town of Oro Valley

Self-Funded Health Insurance Overview

Benefits and components

- ▶ Savings to employer for bearing some of the risk
- ▶ Employer has more control over plan coverage
- ▶ Losses above a predetermined level set by the employer are covered by stop-loss insurance
- ▶ Variables include medical claims
- ▶ Fixed costs include administrative fees, broker fees, stop-loss insurance, onsite clinic, wellness program and Affordable Care Act compliance fees



Benefit Cost Overview



Variable Costs

ITEM	FY15/16 BUDGETED	AS OF 1/31/2016	FY16/17 RECOMMENDED
Healthcare Claims	\$2,007,850	\$1,107,150 or 55% of budgeted amount	\$2,158,400
Dental Claims	\$143,200	\$78,627 or 55% of budgeted amount	\$150,000



Benefit Cost Overview

Fixed Costs

ITEM	FY15/16 BUDGETED	FY16/17 RECOMMENDED
Reinsurance (Stop Loss)	\$262,000	\$305,000
UHC 3 rd Party Administrative Fee	\$178,000	\$167,200
Employee Wellness (Coach & Incentives)	\$40,000	\$40,000
Employee Health Clinic *	\$122,000 (2 FNP days)	\$113,190 (3 FNP days)
ACA Compliance Fee	\$32,000	\$21,000
CBIZ Consulting Fee	\$57,000	\$57,000

*GRFD assumes \$9,000/year in administration fees and \$43,260 for third FNP day



Healthcare Premium Contributions



Adopting an 85/15 Employer/Employee Share

	FY15/16 Budgeted	FY16/17 Recommended
Employer Premiums	\$2,364,000	\$2,365,700
Employee Premiums	\$321,400	\$496,350



FY16/17 UHC Plan Changes

▶ Fixed Cost Savings

▶ Care24 discontinuance

-\$5,285

▶ Simply Engaged discontinuance

-\$18,533

-\$23,818

▶ Claim Estimated Savings

▶ Pharmacy Value Network

-\$15K - \$19K



Comparison: Self-Funded vs. Fully Insured



- **Self-funded vs. Fully-insured Comparison and History**
Time period: 2012/2013 to 2016/2017 plan years

	Totals for Time Period	Difference
Fully Insured for entire period with increases averaging 9%	\$13,163,664	
Self-Funded beginning FY12/13	\$11,980,656	- \$1,183,008



Historical findings according to United Healthcare

Financial Performance

- ▶ Overall FY14/15 Per Employee Per Month Amount (PEPM) claims are trending lower
 - ▶ TOV: \$199
 - ▶ Peer Group: \$365
 - ▶ UHC's Book of Business: \$332
- ▶ Healthcare Solutions Centers, our onsite clinic, is coordinating with United Healthcare to track encounters in order to show cost savings with employees and dependents using the clinic



FY16/17 Medical Plan Contribution Share

Adopting an 85/15 premium share with a 5% increase and assuming Know Your Numbers (\$10 Per Pay Period) is accomplished

United Healthcare Benefit Plan	FY15/16 Total Per Pay Period Premium	FY16/17 Recommended Total Per Pay Period Premium	FY15/16 Per Pay Period Amount Paid By Employee	FY16/17 Recommended Per Pay Period Amount Paid By Employee	FY16/17 Per Pay Period Increase to Employee
United Healthcare Choice Plus - PPO					
Employee Only	\$160.08	\$168.09	\$0.00	\$25.21	\$25.21
Employee + Spouse	\$425.98	\$447.27	\$53.39	\$81.27	\$27.88
Employee + Child(ren)	\$314.74	\$330.48	\$31.14	\$57.91	\$26.77
Employee + Family	\$644.50	\$676.73	\$99.21	\$129.38	\$30.17
United Healthcare Choice Plus - HDHP					
Employee Only	\$167.28	\$175.65	\$0.00	\$12.61	\$12.61
Employee + Spouse	\$350.49	\$368.02	\$26.70	\$40.64	\$13.94
Employee + Child(ren)	\$270.83	\$284.37	\$15.57	\$28.96	\$13.39
Employee + Family	\$514.59	\$540.32	\$49.60	\$64.69	\$15.09



FY16/17 Dental Plan Contribution Share

Assumes a 5% increase

Principal Dental Benefit Plan	FY15/16 Total Per Pay Period Premium	FY16/17 Recommended Total Per Pay Period Premium	FY15/16 Per Pay Period Amount Paid By Employee	FY16/17 Recommended Per Pay Period Amount Paid By Employee	FY16/17 Per Pay Period Increase to Employee
PRINCIPAL DENTAL - LOW PLAN					
Employee Only	\$10.71	\$11.11	\$0.00	\$0.00	\$0.00
Employee + Spouse	\$21.68	\$22.62	\$2.49	\$2.60	\$0.11
Employee + Child(ren)	\$26.35	\$27.53	\$3.54	\$3.70	\$0.16
Employee + Family	\$38.87	\$40.68	\$6.38	\$6.67	\$0.30
PRINCIPAL DENTAL - HIGH PLAN					
Employee Only	\$14.52	\$15.10	\$3.45	\$3.59	\$0.14
Employee + Spouse	\$29.36	\$30.69	\$9.44	\$9.87	\$0.43
Employee + Child(ren)	\$35.88	\$37.53	\$12.17	\$12.73	\$0.56
Employee + Family	\$52.84	\$55.34	\$19.03	\$19.93	\$0.90

